

Message Text

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ORIGIN ARA-20

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DRAFTED BY ARA/ECP:EMCOHEN:JD

APPROVED BY ARA/ECP:WEKNEPPER

ARA/PAN:HLSTEIN

EB/CBA/OCA:JSIMMONS

COMMERCE:OIM/BIC:WSLYNCH

COMMERCE:OIM/BIC:RSTERN

USIA/ILA:JCORR

ARA/MGT:GKRIEGER

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FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

UNCLAS STATE 024732

E.O. 11652: N/A

TAGS: AFSP, BEXP, PN

SUBJECT:FY 1974 COMMERCIAL ACTION PROGRAM (CAP) PANAMA

REF: (A) PANAMA 6716; (B) PANAMA 6703

1. ACTION STAFF FOR PANAMA CAP HAS BEEN ESTABLISHED AS
FOLLOWS:

FROM STATE - ARA/PAN, CHIEF OF PANAMANIAN ECONOMIC/COMMER-
CIAL AFFAIRS, HARRY L. STEIN; ARA/ECP, DEPUTY REGIONAL
COMMERCIAL COORDINATOR, EDWARD M. COHEN; EB/CBA/OCA,
LIAISON OFFICER FOR ARA, JOHN SIMMONS

FROM COMMERCE OIM/BIC, DEPUTY ASSISTANT SECRETARY, WILLIAM
S. LYNCH; PANAMA COUNTRY SPECIALIST, ROBERT STERN

FROM USIA ILA, PANAMA PROGRAM OFFICER, JOHN CORR

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2. ACTION STAFF HAS CAREFULLY REVIEWED EMBASSY,S PROPOSED

CAP (REFTEL A) AND SUBMITS FOLLOWING COMMENTS:

(A) ON THE WHOLE, THE CAP PRESENTS REALISTIC OBJECTIVES, EACH SUPPORTED BY PROMISING LINES OF ACTION

(B) RE OBJECTIVE ONE, WE HOPE THAT THE ENVISAGED BROAD SURVEY OF MAJOR IMPORTERS/DISTRIBUTORS (ACTION ONE) WILL

PROMPTLY ENABLE THE EMBASSY TO SELECT A FEW U.S. PRODUCTS AND/OR SERVICES TO BE GIVEN SPECIAL ATTENTION UNDER THE CAP (IN ADDITION TO THE AGRICULTURAL ITEMS COVERED BY OBJECTIVE TWO). A BASIC PRINCIPLE IN COMMERCIAL PROGRAMMING IS THAT EFFORTS SHOULD BE FOCUSED ON A FEW ESPECIALLY PROMISING PRODUCTS AND/OR SERVICES (I.E., TARGET INDUSTRIES, OR TARGETS OF OPPORTUNITY), RATHER THAN BE SPREAD WIDELY BUT THINLY. WE THEREFORE PROPOSE THAT EMBASSY FOLLOW UP ACTION ONE BY SUBMITTING, BEFORE MARCH 15, A NEW OBJECTIVE TO BE ADDED TO THIS CAP, CALLING FOR INCREASING THE U.S. SHARE OF THE PANAMANIAN MARKET FOR A PARTICULAR TARGET INDUSTRY OR TARGET OF OPPORTUNITY, AND SPECIFYING A NUMBER OF PRODUCTIVE ACTIONS TO BE INITIATED FOR THAT PURPOSE DURING THE BALANCE OF FY 1974. ONE SUCH ACTION MIGHT BE THE PREPARATION OF A DESK STUDY ON THE SELECTED MARKET (SEE SUB-PARA F, BELOW). THIS NEW OBJECTIVE WOULD BE NUMBERED TWO-B, WHILE PRESENT OBJECTIVE TWO WOULD BE RE-NUMBERED AS TWO-A.

(C) RE OBJECTIVE TWO, IT SEEMS TO US HIGHLY DESIRABLE FOR THE EMBASSY TO SUPPLEMENT ACTIONS ONE THROUGH FIVE BY SUBMITTING A DESK STUDY (SEE SUB-PARA F, BELOW) ON AT LEAST ONE OF THE MORE PROMISING AGRICULTURAL MACHINERY AND EQUIPMENT SUBGROUPS, AND BY REPORTING AS MANY AS POSSIBLE TRADE OPPORTUNITIES DETECTED IN THE COURSE OF THESE ACTIONS. IN ABSENCE OF SUCH STUDIES AND TO'S IT WOULD BE EXCEEDINGLY DIFFICULT FOR COMMERCE TO PROVIDE THE ASSISTANCE ENVISAGED IN ACTION FOUR. WE THEREFORE PROPOSE THAT ACTION FOUR BE REVISED TO READ: "BY MARCH 15, SUBMIT A DESK STUDY ON AT LEAST ONE AME SUBGROUP; AND EFFECTIVE IMMEDIATELY, SUBMIT REPORTS ON TRADE OPPORTUNITIES IN THIS OR OTHER AME SUBGROUPS AS SOON AS POSSIBLE, WITH A VIEW UNCLASSIFIED

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TO SUBMITTING AT LEAST THREE SUCH TO'S BY JUNE 30. COMMERCE TO SEEK TO BRING THESE STUDIES, AS WELL AS TO'S, TO THE ATTENTION OF APPROPRIATE U.S. FIRMS."

(D) RE OBJECTIVE THREE, EMBASSY MAY WISH TO CONSIDER ADOPTING TECHNIQUE INITIATED AT EMBASSY BOGOTA UNDER PILOT CCP, NAMELY: DESIGNATING COUNTRY TEAM AS THE "LOOK-OUT STAFF FOR MAJOR COMMERCIAL OPPORTUNITIES," AND REQUESTING

EACH MEMBER TO REPORT ONCE A MONTH, AT A COUNTRY TEAM MEETING, ON CURRENT AND PROSPECTIVE MAJOR OPPORTUNITIES DETECTED IN HIS OR HER RESPECTIVE FIELD OF RESPONSIBILITY. IF EMBASSY DECIDES TO TRY THIS, PLEASE INFORM US SOONEST BY REPORTING A NEW TEXT, TO BE ADDED UNDER THE CAP'S OBJECTIVE THREE AS ACTION FIVE, SPECIFYING THE ARRANGEMENTS MADE.

(E) RE OBJECTIVE FOUR, WE LOOK FORWARD TO RECEIVING INFORMATION ON SPECIFIC MEASURES TO BE EFFECTED UNDER ACTIONS ONE AND TWO. RE ACTION THREE, WE ENCOURAGE EMBASSY TO PROCEED WITH DISCUSSIONS FOR ADDITIONAL FUNDING FROM TREASURY OFFICER AT MEXICO CITY, BUT WE WONDER WHETHER SUCH FUNDING COULD BE USED, AS EMBASSY ENVISAGES, FOR CONTRACTING OUT THE WORK INVOLVED IN PREPARING PUBLIC REGISTRY EXTRACTS (WE ASSUME THAT TREASURY ATTACHES SOME DEGREE OF CONFIDENTIALITY TO THESE FUNCTIONS). PLEASE KEEP US POSTED ON RESULTS OF ACTION THREE. RE ACTION FOUR, THE ACTION STAFF IS PLEASED TO INFORM EMBASSY THAT STATE HAS AGREED TO PROVIDE \$400 FOR CONTRACTING OUT WTDRS; THIS AMOUNT DEEMED ADEQUATE IN VIEW OF RECENT PRICE INCREASE FOR WTDRS (RAISED FROM \$5 EACH TO \$15) WHICH IS EXPECTED TO REDUCE APPRECIABLY THE DEMAND FOR THEM. ARA BUREAU WILL SHORTLY CONFIRM THIS TO EMBASSY VIA CHANGE IN DS-150-A "ADVICE OF ALLOTMENT."

(F) RE SOME OF THE OTHER FINANCIAL ASPECTS OF CAP: WE REGRET STATE HAS BEEN UNABLE TO PROVIDE ANY PART OF THE \$7,000 THAT THE EMBASSY HAD REQUESTED (IN ITS SPECIAL FINANCIAL PLAN DATED DECEMBER 7, 1973) FOR STEPPED-UP MARKET RESEARCH ACTIVITIES. ON OTHER HAND, AS EMBASSY HAS BEEN INFORMED VIA STATE'S "ADVICE OF ALLOTMENT," CHANGE NUMBER 2, DATED DECEMBER 28, ALLOTMENTS HAVE BEEN SUB-UNCLASSIFIED

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STANTIALY INCREASED FOR EMBASSY'S COMMERCIAL TRAVEL, LIBRARIES AND NEWSLETTERS FOR BALANCE OF FY 1974. WE HOPE EMBASSY WILL FIND IT POSSIBLE TO EXPAND AND INTENSIFY ITS MARKET-RESEARCH ACTIVITIES TO SOME CONSIDERABLE EXTENT BY REPROGRAMMING FUNDS; IN OUR VIEW, MARKET RESEARCH DESERVES HIGH PRIORITY BECAUSE IT TENDS TO YIELD MORE AND BETTER RETURNS THAN MANY OF THE OTHER KINDS OF COMMERCIAL ACTIVITIES FOR WHICH FUNDS ARE AVAILABLE.

(G) RE THE EMBASSY'S PLANS TO FILL FSL POSITION AS PER PARA 2 OF REFTEL A, IT IS ACTION STAFF'S UNDERSTANDING THAT EMBASSY NOW HAS THE FUNDS REQUIRED TO DO THIS IN FY 1974. WE NOTE THAT EMBASSY'S REQUEST FOR THESE FUNDS WAS INCLUDED IN EMBASSY'S SPECIAL FINANCIAL PLAN DATED DECEMBER 7, IN SCHEDULE II. AMOUNTS ON SCHEDULE II WERE

ALLOWED UNLESS SPECIFICALLY STATED OTHERWISE ON THE ABOVE-
CITED DS-150-A OF DEC. 28. EMBASSY THEREFORE IS AUTH-
ORIZED TO USE THE FUNDS REQUESTED THEREIN. PLEASE
INFORM US SOONEST AS TO STATUS OF PLANNED HIRING OF FSL.

3. ACTION STAFF WOULD APPRECIATE RECEIVING RESPONSES ASAP
TO SUBSTANTIVE POINTS RAISED ABOVE. WE ALSO LOOK FORWARD

TO RECEIVING THE MONTHLY REPORTS OF THE TASK FORCE ESTAB-
LISHED BY THE EMBASSY (REFTEL B), AND WE ENCOURAGE THE
EMBASSY TO COMMUNICATE WITH EACH OR ANY OF US WHENEVER THE
EMBASSY FEELS A NEED FOR SPECIAL SUPPORT IN WASHINGTON ON
A MATTER OF IMPORTANCE FOR THE SUCCESS OF ITS COMMERCIAL
ENDEAVORS. KISSINGER

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